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DRUG STORE NEWS

Vol. 8/No. 4 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. February 17, 1986

Revco decides to spin off General Computer

TWINSBURG, Ohio — Revco is spinning off its General Computer Corp. business into a new public company in which Revco will retain a 31.7% interest.

General Computer, a developer and marketer of retail pharmacy computer systems that Revco bought in 1979, has filed a registration statement with the Securities and Exchange Commission for a proposed initial public offering of 939,708 common shares.

A Revco spokesman said the sale is a result of a decision that General Computer has the potential to succeed on its own in the pharmacy systems market. He also suggested that the sale indicates that Revco is less interested in running businesses outside of its core drug store operations.

"We felt that they had matured to the point where they're ready to go out and compete in the marketplace," the Revco spokesman said, adding, "We're retailers, not computer people."

Indeed, one industry observer suggested that Revco's concern to concentrate on its drug store business is the primary reason for the spinoff, which is also providing the benefits of income from the sale of stock, and an equity interest in a potentially profitable business.

"I think to some extent what you're looking at is a situation where Sidney Dworkin has put up with an awful lot of disturbances from the outside," he said, pointing to Revco's recent problems with its Carter-Glaugau Laboratories unit, over the F-Ferol vitamin supplement, and the costly struggle with the former owners of its Odd Lot off-price retail store division.

"We felt that they had matured to the point where they're ready to go out and compete in the marketplace. We're retailers, not computer people."
—A Revco spokesman

The General Computer sale is a step toward "allowing management to concentrate on the basic business," he said.

Under the proposal, handled by McDonald & Company Securities, Cleveland, as the underwriter, General Computer will issue 333,333 new shares of stock, and Revco will sell 606,375 shares of the 1,068,750 it now owns. The sale will leave 1,458,333 shares outstanding, with Revco retaining 462,375 shares—a 31.7% interest. The two other major shareholders would be Joseph Adams, General Computer's chairman of the board and cfo, with 1%, and Richard Pilarczyk, president, ceo and founder, with 2.9% of the new company.

With the sale of its shares, Revco will earn from $6.6 million to $7.8 million if the shares sell at $11 to $13 per share as projected in a preliminary prospectus. Analysts said they expect Revco to use the bulk of the money, which several characterized as a fairly minor sum, to offset part of the high debt level it is carrying, or to help pay for its store expansion program.

As of Nov. 16, Revco was heavily leveraged with $70 million in short-term debt, and $258 million in long term debt. Debt was inflated in 1985 by the $100 million purchase of the stock held by the former Odd Lot owners, and the $40 million purchase of the Carl's Drug chain.

Computer General could also turn out to be a profitable equity investment.

"If it goes out into the market and does well, it would be a real asset value," said Jonathan Zeigler, an analyst with Sutro.

NEWS IN BRIEF

Bergen Brunswig buys Berry

ORANGE, Calif. — Bergen Brunswig has completed the acquisition of Berry Wholesale Drug Company, Antioch, Tenn. The acquisition, which was for an undisclosed amount of cash, gives the nation's second largest drug wholesaler control of Berry which has sales of approximately $50 million a year. Berry operates a large new distribution facility in a suburb of Nashville.

Fazio's to build new warehouse

MESQUITE, Tex. — To improve warehouse efficiency, Fazio's will build a 35,000-sq.-ft. storage facility adjacent to its 65,000-sq.-ft. deep discount drug store here. Completion is scheduled for this summer.

The new facility will replace leased storage space in Dallas, 20 minutes from the store.

Super-Pharm tests suburban Israeli unit

TEL AVIV — Super-Pharm is opening its 10th drug store in Israel this month, but its first outside an established business center. The 4,000-sq.-ft. store is on a major artery outside a suburb of this city.

Chairman Leon Koffler, whose family founded the Canadian Shoppers Drug Mart chain, considers the store a test of its self-service concept in a location that has no neighborhood trade.

His chain, he said, is patterned after self-service drug stores in the U.S., but he hasn't been imitated in Israel yet. "Available space in central business districts is tight here. Most drug stores are service oriented and 600-1,000 sq. ft.," he said.

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Vol. 8, No. 4 February 17, 1986

Lawton's to open racetrack unit; to have 16 doctors as neighbors

HALIFAX, Nova Scotia — Lawton's Drug Stores Limited, a 60-store Canadian chain, is opening its first race track store on the ground level of a four-story medical building here.

The 9,600-sq.-ft. dual-entrance store is designed to emphasize the pharmacy, since the building's top three floors house 16 doctors' offices, a setup they expect to fuel drug sales.

Lawton's objective is to achieve higher margins with stronger Rx sales, a home health care center new to Lawton stores, and expanded departments that are possible because the store is about 3,000 sq. ft. larger than the chain's typical bantam store.

"Margins are tight in our industry. But we would hope, with an expanded mix and higher pharmacy sales, we would improve margins," said Don Kyle, vice president and general manager.

The new home health care center will include two surgical fitting rooms and an office for a full-time registered nurse.

Also new here are a cash dispensing machine at the store's front entrance, and expanded sku's in H&BA, OTC and cosmetics.

The pharmacy is raised several feet above the floor level, and located at the center rear of the store, where it will be immediately visible from the front and rear entrances. The racetrack is a 4-ft.-wide, diamond-shaped walkway laid with orange tile.

The track's first leg off the left front of the store runs directly toward pharmacy. A 20-ft. food section, household items and baby care are along the left wall, with OTC drugs in the left rear corner, adjacent to the pharmacy.

Past the 20-ft. pharmacy counter, the track angles 90° and runs diagonally to the rear entrance, which opens off a 1,000-sq.-ft. foyer. The home health care center is located between the pharmacy and rear entrance.

At the rear entrance, the track again angles 90° toward the store front, passing pegged cosmetics, cards and party goods in the front right corner. Along the front wall, which is visible from the track's fourth leg, are more pegged cosmetics and stationery.

H&BA dominates the center of the diamond, and are set on 60-in.-high gondolas of varying lengths near seasonal and promotional areas.

"Our goal was to try to get maximum exposure through the whole store," said Kyle.

In staffing, the store will resemble Lawton's conventional units, except that two pharmacists rather than one will be on duty most of the time to handle the anticipated Rx traffic. The pharmacy has an unusual step-down counter which allows the pharmacists to talk with customers at store level. It also includes an enlarged counter area, and a compounding room.

Store decor includes raised plastic lettering to designate departments on plastic grid backgrounds.

The store also features a Sweda computerized cash register system, which allows electronic sharing of sales information among departments.

The store is adjacent to a Sobey's Food Store.

Big B opens $7M warehouse

Expansion causes it to outgrow old facility

BIRMINGHAM, Ala. — Big B's recent opening here of a 240,000-sq.-ft. distribution center is expected to help the chain handle its recent heavy expansion.

The $7 million warehouse replaces a 90,000-sq.-ft. facility which the chain leased here, and will give Big B room to stock the greater amounts of merchandise it needs for its 125 drug stores, four home health care stores and five food and drug combos. It's expected to be able to service as many as 250-300 stores.

The chain opened 21 drug stores in 1985 and plans to open more than 25 drug stores in 1986 to bring its total above 150, said Bobby Little, vp, store operations.

Little said Big B expects to add about 20 stores a year during each of the next four or five years. Existing stores range from 4,500-20,000 sq. ft., with the prototype for the new stores 8,500-9,000 sq. ft., Little said. He said there are no plans at this time to open new combos.

"We were making it [with the old warehouse], but we were outgrowing it," Little said. "We were in a small house with a growing family."

The new warehouse, which is capable of serving all Big B stores in a 350-400 mile radius, will provide greater efficiency and will enable the chain to stock more merchandise. The $180 million chain has stores in a 350-mile radius throughout Georgia, Alabama, Tennessee, Florida, Tennessee and Mississippi. The new stores will be in new markets in those states.

About 70% of the chain's merchandise now flows through the warehouse, with about 90% in pharmacy items. Little said the percentage of general merchandise may increase.

Automated with flow racks, conveyor belts and a scanner which slots orders according to where they are going, the new warehouse is expected to pay for itself by the end of the first year, said Mac Jones, vp, finance.

FINANCIAL

Rite Aid's third quarter earnings dip 8%

SHIREMANSTOWN, Pa. — Rite Aid Corp. reported that third quarter earnings decreased 8%, hurt in part by reduced profits in its Super Rite Food wholesale and retail grocery company.

Net income from continuous operations was $14.2 million, or 34¢ a share, compared to $15.4 million or 37¢ a share in the previous third quarter.

Sales in the 13-week period ended Nov. 30 advanced from $345.7 million to $388.9 million, a 12.5% gain.

Year-to-date sales, for 39 weeks, reached $1.135 billion, 15.2% higher than 1984's sales of $985 million. Profits from continuing operations are $43 million, or $1.04 per share, vs. $45 million or $1.09 per share in the previous year.

The company said that Super Rite Foods, which is 46.8% owned by Rite Aid, contributed equity earnings of $140,000, down from $590,000 last year, as a result of software defects that caused lost revenues at its 500,000-sq.-ft. distribution center. The company said the problems have been corrected.

ADAP, the retail auto parts division, broke even in the third quarter, recovering from a $128,000 loss in the previous comparable quarter, due to operating refinements.

Encore, the discount book division, grew 18.5% in sales from $3.3 million to $3.9 million, with profitability meeting budget goals.

Rite Aid also said that Super Drug, PLC, the British health & beauty aid chain in which the firm has a 28.2% interest, increased its contribution to equity earnings with $735,000, compared to $671,000 in 1984's quarter.

Rite Aid chairman of the board and president Alex Grass said Rite Aid ended the quarter with 1,369 drug stores in 20 states, 59 ADAP auto parts stores and 22 Encore book stores.

Following an aggressive new store opening schedule, Grass said the company should open its 1,400th drug store by the end of the fiscal year. He said Rite Aid is continuing a rapid installation schedule for video rental departments, which are now in over 500 stores, and will continue upgrading existing stores with point-of-sale scanning terminals and pharmacy computers.

Bergen has record first quarter

ORANGE, Calif. — Bergen Brunswig Corp. reported record first quarter earnings and revenues for the three months ended Nov. 30. Its drug company operations alone logged a sales increase of 53%, and an operating earnings increase of 33%.

Net sales among all divisions increased by 54% from $492.5 million to $760.3 million, with net earnings climbing 15% from $5.4 million, or 41¢ a share, to $6.2 million, or 46¢ per share for the quarter.

Sales and growth were strongly influenced by recent acquisitions, which have included Berry Wholesale Drug, the Allen Co. and Davis Bros.

The medical supply company reported a sales increase of 69% for the quarter, with operating profits up 87%.

Name	Symbol	STOCK PRICE From 01/10/86 - 01/27/86 High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	TREND TO MARKET Price Trend (% per day) Last 30 Days	Price Trend (% per day) Last 5 Days	Volume Trend (% per day) Last 30 Days	Volume Trend (% per day) Last 5 Days	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt		Latest 12 Months vs Preceding 12 Months Change Pct		5-Year Annual Growth Rate	Profit Margin	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. rate Amt.	Indicated Dvd. rate Yield	Last X-Dvd. Date	FINANCIAL POSITION Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Last Fiscal Year (Per Share) Long Term Debt	Last Fiscal Year (Per Share) Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$		%		%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																												
Am Stores	ASC	64.75	62.00	63.13	.75	1.20	68.25	48.63	-.05	-.66	-1.07	-22.67	5.71	.86	N	19.5	34.0	1.5	12.0	.84	1.3	12-09-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.25	16.25	16.25	-.50	-2.99	17.63	15.50	.07	-.32	.03	.00	1.26	.12	S	9.9	5.0	1.1	12.2	.72	4.4	01-14-86	66.1	.7	1.7	13.77	18.84
Big B	BIGB	15.88	15.13	15.88	.00	.00	19.50	13.00	.20	.66	-.29	35.98	.68	.11	N	18.0	19.0	3.0	22.0	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.13	5.00	5.00	.00	.00	6.13	3.75	.74	-.12	-3.59	71.43	.35	-.12	Q	-24.0	NC	1.2	13.2	.60	12.0	05-09-85	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	31.00	29.25	30.25	.13	.41	32.88	20.00	-.01	.29	2.92	-7.45	-.22	-2.61	Q	-100.0	NC	-.3	NE	1.04	3.4	09-09-85	2508.5	-8.3	1.6	2.64	14.49
Fay's Drug	FAY	10.00	8.50	9.63	.88	10.00	12.75	8.00	.20	.70	.54	-6.04	.62	-.32	N	-48.5	30.0	2.4	28.3	.20	2.1	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	13.75	12.13	13.38	1.13	9.18	15.88	9.13	.78	.32	-1.21	-18.35	1.03	.07	S	6.8	40.0	1.9	12.2	.20	1.5	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	31.00	29.25	30.75	1.00	3.36	32.00	24.00	-.06	.47	-5.58	17.90	1.88	.10	N	5.5	10.0	2.9	15.9	.72	2.3	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	4.50	4.00	4.50	.00	.00	6.25	4.00	.27	-1.40	-4.47	52.70	.05	-.38	*	-88.4	NC	.2	90.0	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	17.00	15.38	16.75	.50	3.08	18.75	11.19	-.32	1.39	-6.23	-15.21	.98	.14	F	16.7	16.0	1.8	17.1	.19	1.1	09-11-85	521.6	9.6	1.5	1.60	7.07
Revco Drug	RDS	28.63	26.38	27.00	-.88	-3.14	29.50	23.13	.31	-.05	-1.84	-5.02	1.06	-1.50	S	-65.2	-5.0	1.6	33.8	.80	3.0	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	25.75	24.25	25.13	.38	1.52	33.50	21.50	-.06	.14	-1.68	8.88	1.69	-.11	N	-6.7	8.0	4.8	16.3	.58	2.3	01-13-86	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	24.13	23.50	24.00	.25	1.05	25.38	18.13	-.13	-.17	-2.02	16.61	1.60	.19	Q	13.3	16.0	2.3	14.8	.60	2.5	05-06-85	1404.9	31.9	1.7	5.86	6.85
Walgreen Co	WAG	26.50	24.88	26.13	.25	.97	30.25	22.50	-.45	.11	2.24	34.55	1.53	-.39	Q	-23.1	19.0	3.0	20.1	.50	1.9	02-11-86	3161.9	94.2	1.8	1.17	7.83
Wholesaler's transactions																												
Bergen Bruns	BBCA	33.63	33.00	33.13	-.38	-1.12	34.63	22.50	.25	-.40	-2.78	7.45	1.91	.26	Q	15.8	15.0	1.0	17.3	.32	1.0	10-28-85	2434.9	24.2	1.7	11.68	12.68
Bindley Wstn	BIND	10.13	9.88	9.88	.00	.00	15.00	7.75	.37	-.19	-2.62	18.31	.73	.15	N	23.4	23.0	.8	12.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	20.25	19.50	20.25	.25	1.25	20.25	14.53	.19	.19	-4.04	-17.66	1.01	.21	S	23.1	NC	1.2	18.1	.08	.4	01-02-86	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	13.00	12.50	12.50	-.25	-1.96	15.25	9.25	.11	-.12	-3.29	-70.61	.74	.07	N	9.9	14.0	1.7	16.0	.14	1.1	07-01-85	341.7	5.8	2.3	1.21	6.05
Foxmeyer Cp	FXM	25.25	20.75	24.75	3.00	13.79	29.75	20.75	.02	.61	4.66	-10.15	1.56	.02	S	1.3	26.0	1.3	15.8	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	22.88	21.50	22.00	-.50	-2.22	23.25	14.06	.32	-.22	-6.12	33.33	.56	.14	S	35.0	NC	.2	40.7	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
McKesson Cp	MCK	51.63	49.50	51.25	.25	.49	53.50	37.63	-.11	.51	-.90	-56.51	3.60	.02	S	.5	-1.0	1.3	13.6	2.40	4.7	11-25-85	4887.1	65.0	1.5	12.99	30.40
Moore Med	MMD	21.25	20.00	20.00	-1.00	-4.76	23.38	9.66	-.43	-.44	-10.77	32.28	1.02	.45	N	47.4	18.0	2.9	14.3	.00	.0	05-23-85	115.4	3.3	3.3	2.45	5.25
Owens & Minor	OBOD	17.75	16.88	17.25	-.25	-1.43	18.38	9.16	-.13	.20	-2.70	8.84	.95	.23	N	26.1	16.0	1.2	15.5	.28	1.6	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																												
Abbott Labs	ABT	69.13	63.38	63.75	-3.00	-4.49	72.00	46.00	-.03	-1.35	-.81	8.38	3.88	.54	F	16.2	18.0	13.8	16.4	1.40	2.2	01-09-86	3360.3	465.3	1.9	3.91	13.33
Am Home Prod	AHP	64.38	61.88	64.25	2.13	3.42	66.88	54.50	.02	.13	.22	-19.70	4.70	.31	F	7.1	11.0	15.3	13.7	2.90	4.5	11-06-85	4684.7	717.1	3.4	.26	13.74
Baxter Travenol	BAX	16.50	15.88	16.13	.00	.00	16.88	12.38	.27	-.25	-2.64	2.67	.21	-1.06	N	-82.8	-25.0	1.6	73.3	.37	2.3	12-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	22.50	21.00	22.00	.50	2.33	23.50	14.81	.30	.24	-7.91	14.16	1.70	.20	S	12.5	11.0	10.5	12.2	.49	2.2	12-03-85	247.8	25.9	2.4	1.59	10.91
Bolar Pharm	BLR	16.75	13.25	15.63	.00	.00	22.63	12.00	-.32	.87	3.11	13.79	.61	.10	N	17.2	22.0	18.2	23.0	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	63.50	60.25	62.88	-.13	-.20	68.50	53.38	-.30	.61	1.48	-4.09	3.45	.42	N	12.5	14.0	11.3	16.7	1.88	3.0	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	57.50	50.50	57.50	7.00	13.86	57.50	28.75	.51	1.40	4.58	-32.85	2.66	.86	N	32.8	21.0	5.9	16.5	.60	1.0	11-01-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	29.25	27.50	29.13	1.13	4.02	32.50	17.38	-.03	-.37	-2.26	39.93	.73	.36	S	67.9	-15.0	17.4	32.7	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	13.38	12.63	13.13	.25	1.94	14.50	8.50	.05	.05	-1.36	-26.78	.00	-.12	N	-85.7	NC	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.50	10.50	10.75	.00	.00	12.75	7.13	.02	-1.22	-2.16	-10.14	.61	-.21	N	-33.9	47.0	14.6	26.2	.00	.0	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	107.63	100.50	104.75	-2.50	-2.33	113.50	71.75	-.13	.04	-.97	-2.07	6.73	.57	N	8.6	10.0	15.8	14.5	3.20	3.1	11-08-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	10.38	9.00	10.25	1.25	13.89	10.38	4.63	1.32	1.82	3.02	17.71	.40	.27	F	207.7	NC	6.6	25.6	.00	.0	00-00-00	12.2	.8	3.1	.00	2.49
Marion Labs	MKC	54.88	44.88	54.88	8.63	18.65	54.88	23.88	.49	1.65	-1.83	-12.84	.94	.39	Q	56.5	36.0	12.2	50.8	.36	.7	12-16-85	295.7	36.2	2.1	.00	4.17
Merck & Co	MRK	138.50	134.25	135.63	.13	.09	142.25	95.00	.12	-.64	-.05	.31	6.71	.71	N	10.9	6.0	13.8	18.7	3.60	2.7	12-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	38.25	35.38	36.88	.13	.34	40.50	27.63	-.24	-.22	.26	20.57	2.50	.37	S	16.0	22.0	6.7	13.8	.70	1.9	11-18-85	1832.3	122.8	1.8	3.25	15.00
Mylan Labs	MYLN	17.25	16.25	17.13	.75	4.58	26.00	13.50	-.27	1.23	-1.35	-11.07	.52	.38	S	115.2	64.0	23.3	24.1	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	14.13	12.00	12.00	-1.00	-7.69	14.50	5.38	-.09	-2.19	-3.87	15.04	.05	.00	S	NE	NC	6.7	NE	.80	6.7	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	18.00	15.75	15.75	-2.00	-11.27	23.25	11.19	-.16	-.78	.13	-.43	.42	-.05	F	-10.6	80.0	12.7	37.5	.00	.0	00-00-00	21.3	2.7	3.3	.00	1.84
Pfizer Inc	PFE	50.13	46.25	47.50	-1.50	-3.06	56.25	37.63	-.36	-.47	.71	-20.39	3.44	.36	F	11.7	16.0	14.4	13.8	1.48	3.1	07-26-85	4024.5	579.7	2.3	2.10	15.45
Reid Prov Labs	REID	6.13	5.75	6.00	.25	4.35	6.63	4.00	.24	.26	-.70	-5.51	.13	.02	Q	16.7	26.0	6.0	42.9	.04	.7	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	15.63	11.63	14.88	3.13	26.60	23.50	5.50	.87	4.03	4.28	23.63	-18.44	-18.79	N	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	38.63	36.00	36.38	-.25	-.68	47.00	26.00	.08	-.42	-1.56	-11.21	2.08	-.04	N	-1.9	4.0	8.5	17.8	1.12	3.1	11-04-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	15.75	13.75	15.75	2.00	14.55	15.75	9.50	.07	.84	3.04	61.69	-.43	-.96	S	-100.0	NC	-2.0	NE	.32	2.0	12-09-85	167.4	-3.4	1.7	4.07	9.72
Squibb Corp	SQB	85.00	76.25	80.50	-.75	-.92	85.00	49.75	.04	-.22	4.65	3.40	3.68	.46	N	12.9	21.0	10.5	20.0	1.76	2.2	11-08-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	39.00	36.63	38.75	1.63	4.38	41.38	26.75	.09	.03	.99	2.22	2.37	.13	N	5.6	4.0	7.8	15.8	1.20	3.1	11-07-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	44.25	40.50	42.13	-.63	-1.46	46.75	26.06	-.14	-1.11	-.95	6.45	2.33	.55	Q	27.5	15.0	15.8	16.5	1.20	2.8	12-16-85	948.5	150.0	2.1	2.68	9.40
Thompson Med	TM	14.88	14.13	14.50	.25	1.75	18.38	11.75	.17	-.21	-1.88	29.93	2.20	-1.04	N	-46.0	15.0	10.8	11.9	.40	2.8	12-23-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	132.50	125.00	129.75	3.75	2.98	141.50	70.50	-.11	.57	-1.03	-14.91	5.67	.39	N	6.9	1.0	8.0	21.4	2.80	2.2	01-03-86	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	47.75	45.50	46.38	-1.63	-3.39	49.38	33.75	-.04	-.48	-4.33	12.21	2.81	.27	N	9.7	7.0	7.1	15.3	1.56	3.4	11-04-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	22.00	19.25	21.50	2.50	13.16	29.50	7.84	-.81	1.45	.29	27.72	.28	.97	N	510.5	89.0	7.7	18.5	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

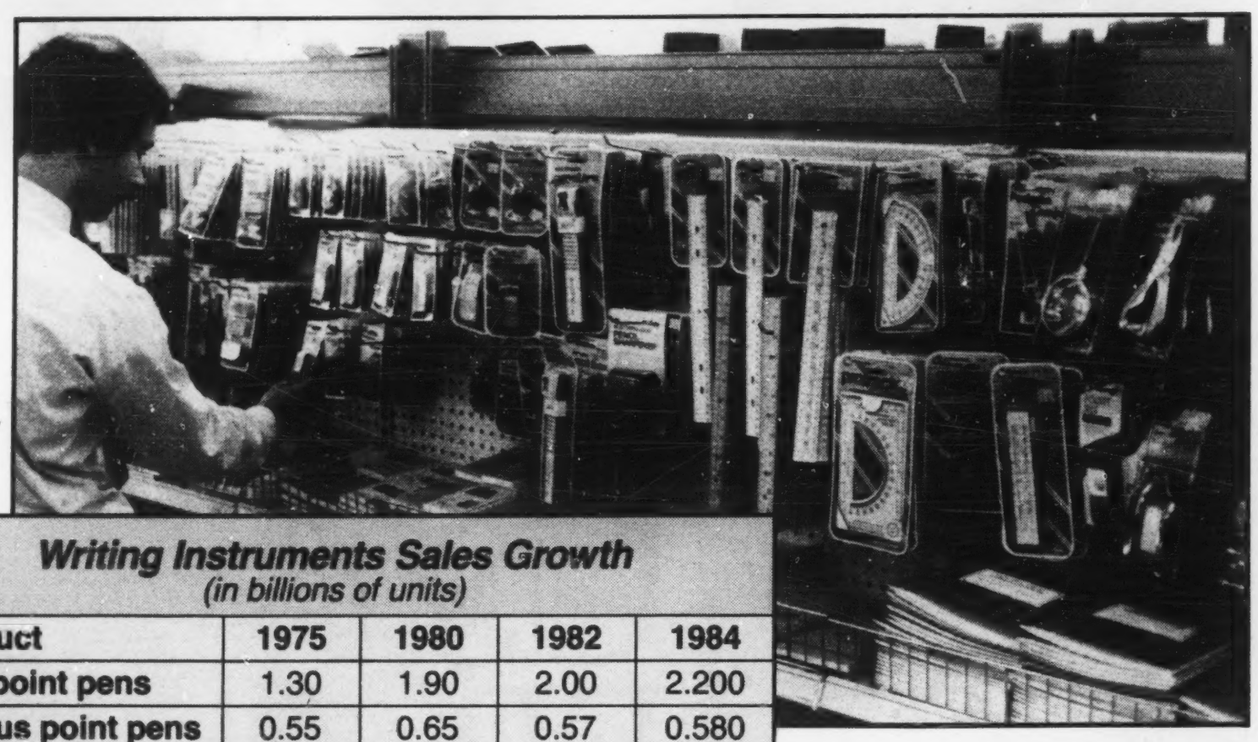
Footnotes: NA - Not Applicable; NC - Not Calculable; NE - Negative Earnings; NM - No Meaningful Figure; Q - First Quarter; S - First 6 Months; N - First 9 Months; F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISER

Upgraded lines to spark home office and BTS

Buyers give A+ to better designs and fresh colors



Drug store retailers are anticipating another strong year for the back-to-school and home office categories, fueled by quality and design improvements to notebooks and portfolios, and customers' willingness to pay more for such upgrades.

Purples and pastels and new merchandise features will be emphasized in 1986 to attract more students, parents and home office workers. Improvements include low-drag notebook paper with laser perforations and antiglare characteristics, better theme book bindings and high-tech designs, with colors, buyers told *Drug Store News*.

While the chains awaited the February Back-To-School Show in New York before deciding on merchandising the categories, most agreed that upgraded lines by Stuart Hall and Mead's fashion color notebooks will play leading roles.

"I think people are much more willing to step up and pay a little bit extra when they think they are getting a better product," Arbor Drugs buyer Dennis Wozniak said.

Wozniak expects to add space for Stuart Hall's Executive line, which performed well there in 1985, and will be improved with micro perforations in notebooks and legal pads. Arbor will also be closely watching Hall's Super Products line, which also sold well, aimed at the advanced student in junior high school and above. Hall is upgrading the line with two new products, a Pocket Locker portfolio featuring heavy cardboard pockets in multicolors and a note book with micro perforations. Both products feature pockets with velcro locks, and Tech Lock™ bindings.

Without increasing list prices, Hall upgraded the 16-sku Super Product line this year in response to company research which showed that the Executive line—advertised to attract the commercial office market—was favored by students and other nonprofessionals.

According to a Hall official, the company discovered last year that 40% of Executive line retail sales were from students, and 30% more from home office workers.

While Hall views the new Pocket Locker products as upgraded theme books, it is positioning them as trim alternatives to Mead's Trapper Keeper ring notebook, which buyers said continued to be popular in 1985. The Hall products will retail at less than half that of the Trapper Keeper, at $2.99.

Hall will be supporting both lines with a $1 million advertising budget, including co-op radio and print allowance in key markets, a company source said.

Arbor has also had good success with Mead's nonglare Glare Care legal paper packaged in student notebooks, Wozniak said.

Buyers say licensed creations seem to be falling into eclipse again this year, as the lines attempt to appeal to older students with colors and high tech designs. Mead's upgraded line of theme books and notebooks has been popular in new purple, lavender,

Continued on page 45

Writing Instruments Sales Growth
(in billions of units)

Product	1975	1980	1982	1984
Ball point pens	1.30	1.90	2.00	2.200
Porous point pens	0.55	0.65	0.57	0.580
Markers	0.20	0.20	0.20	0.300
Mechanical pencils	0.06	0.07	0.08	0.148
TOTAL	2.15	2.90	3.00	3.400

Source: Writing Instruments Manufacturers Association

Drug store retailers expect sales of multipacks and mechanical pencils to lead revenue growth in writing instruments this year.

Best sellers are 10-packs at $1.98, and $1 on promotion. Manufacturers are raising counts in multipacks this season, but at the same price as last year, adding impetus to sales. Mechanical pencils are increasingly popular, bearing out industry statistics which show that clutch action mechanical pencils rose 82.7% in unit sales from 1983 to 1984.

Overall, pen and pencils sales are becoming more of a year-round category with manufacturers' promotions fueling the interest, buyers said.

Show might be over for cartoons about toys

WASHINGTON — A race by licensed toy manufacturers to fill the airwaves with the animated adventures of their products may be curtailed if legislation proposed by a Senator and a Congressman is passed.

The two bills, if passed, could result in an FCC investigation that might ultimately remove from the air full-length television programs that were created to portray animated versions of marketed products, such as Mattel's Masters of the Universe and other licensed toys.

One bill also asks that the FCC look into an arrangement whereby broadcasters share in the profits generated by the sale of the toys shown on these programs. The bill cites a concern that the "financial incentives may override other considerations" in planning children's programming.

This bill, called the Children's Television Education Act of 1985, was introduced by Rep. Timothy Wirth (D-Colo.). The other bill was introduced by Sen. Frank Lautenberg (D-N.J.).

Proliferating in the past two years, these shows (called "program-length commercials" by some critics) have become a sales vehicle unlike standard commercials, whose length is regulated, or other shows in which promotional material may be more disguised. (As the director of one consumer group put it: "We don't name adult programs the *Marriott Hotel*, we just call it *Hotel*.")

According to some reports, more than 40 such shows are on the air or being prepared for airing. As recently as two years ago, there were 13 such shows.

The FCC may look into an arrangement whereby broadcasters share in the profits generated by the sale of toys used as central characters in programs.

The concern is that children, the prime target of these shows, are unable to distinguish the sales message from the content of the show.

"Program-length commercials are bad because they confuse editorial and commercial speech, they are designed to sell rather than to say something and they keep all the other kinds of programming, particularly drama and nonfiction, off the air," said Peggy Charren, director of a national organization called Action for Children's Television (ACT).

Those who oppose the legislation said they can't see the difference between shows whose characters were used to design toys and shows designed to sell toys already on the market.

"Is there a difference be-

Continued on page 48

Buyers differ on the effect bills would cause

Buyer reaction was mixed to proposed legislation that could curtail television shows on which licensed toys are featured.

Some were adamant that such a move would affect their buying (and the sales) of licensed toys, while others said wait and see.

"It can't do anything but hurt it [sales]," said Ray Martin, toy buyer for Cullum Companies in Dallas, parent of Page Drug. "The television shows assist the children in creating the demand for the products." If these shows were to be removed from the air "the demand won't be there."

"If they took the shows off the air, I don't even know if they [manufacturers] would come out with the products."

—Richard Glassman, Merchandise manager, Affiliated Drug Stores

Just the same, Martin said Cullum would not cut down on the percentage of licensed toys it buys, but rather would shift from the "trendy" licenses (such as Masters of the Universe) to the more established licenses (such as Mickey Mouse, Snoopy and Peanuts).

Still, Cullum's buying of licensed toys seems to have been more affected by the oversell of program proliferation than it may be by the removal of programs.

Cullum has reduced the per cent of licensed toys it carries over the past two years—the same period in which the disputed television programs have risen from 13 to 40. Cullum's toy department has shifted to 30% licensed toys, down from about 50% two years ago.

"With so many different lines, the buying public was confused," Martin said. "They [manufacturers] were trying to create licenses before there was popularity, to create toys before there were shows. It

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MERCHANDISER

Upgraded products to spark BTS

Continued from page 21

pastel and off-blue shades. Hall's Smart Stuff line for girls, which moved well in 1985, features colors and fabrics for portfolio and theme book covers matching this year's children's clothes for color coordination.

"Fashion colors are going to be important," said Hook Drug buyer Mark Tow, noting that price points for an upgraded high gloss finish in Mead portfolios have increased to 49¢ from 29¢.

"They're getting away from the licensed products to modern art-type portfolios—it seems to me the licenses are dying rapidly," said Tow.

In common with many chains, Hook has found that the back-to-school category is becoming a profitable year-round department, with off-season periods often the best time to generate profits, when products sell at higher prices. Loss-leader items during seasonal promotions take a toll on category earnings at many chains. Hook, for example, sold 200-count filler paper 40% below cost last year.

But Hook recovers from the promotions by offering a full selection of sku's through the nine-month school period.

"It's one of our higher profit makers," said Tow, who has merchandised the home office products and back-to-school in the same planogram.

"We are definitely exhibiting a very strong growth pattern through the year," agreed Wozniak.

Manufacturers are taking the lead in trying to develop nonseasonal demand, but other factors seem to be contributing. These include students with more disposable income, more home office workers and curiosity about new products.

For the first time, Mead is pushing its nonglare paper in the second semester this year, with television ads, and Hoyle has taken to television to promote a new 228-page pocket organizer that Hook is carrying, Tow said.

Other retailers are less convinced of the year-round potential.

"The companies are trying to create a year-round need, which may or may not be there," said one buyer for a major eastern chain.

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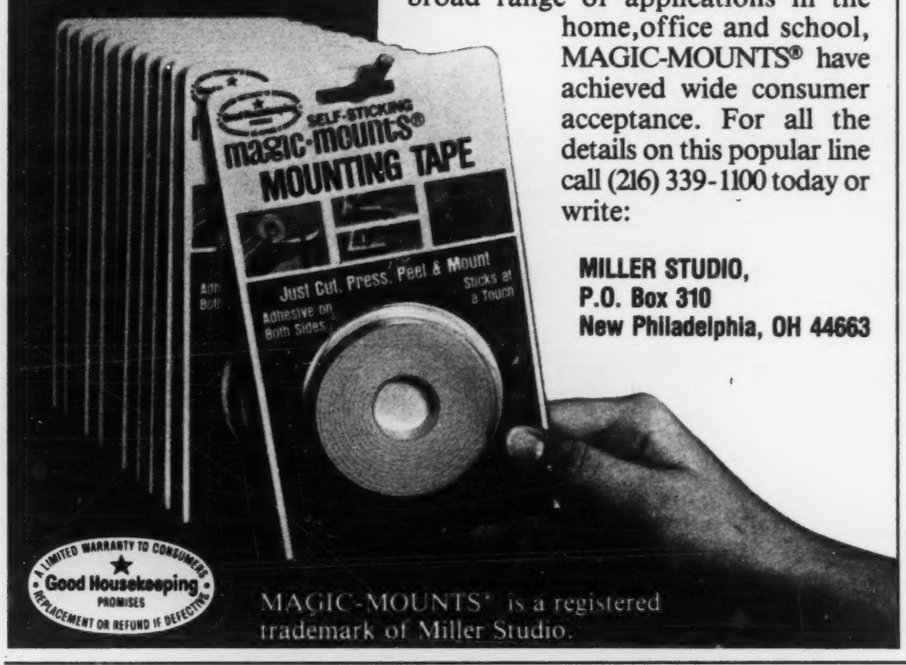

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Chains assess Polaroid's legal win

Some see rising prices for instant cameras and film

Drug store merchants plan few immediate merchandising changes as a result of Polaroid's legal victory over Kodak, which prompted Kodak's exit from the $1 billion instant photography business last month and once again left Polaroid a virtual monopoly.

Some chains estimated Kodak's share of instant business in their stores at about 30%, but felt Polaroid would be able to fill a temporary supply void in time for the heavy picture-taking spring season.

Executives from Kerr, Drug King, Genovese, Fay's and Gray told *Drug Store News* that long-term leaner inventories might be appropriate, given the category's flatness. They cited a market shift toward simple 35mm cameras and the use of overnight developing services as reasons.

Fay's president Dan Herrmann saw the instant photo market as "flatter and declining."

"The big question is what Polaroid will do to promote the market."

—Bob Breslin, Buyer, Genovese

Genovese buyer Bob Breslin said he won't buy extra Polaroid to make up for Kodak's exit. "We wouldn't sell anymore of it. Polaroid was helped by Kodak being in the business. They gave the category more recognition.

"The big question is what Polaroid will do to promote the market," Breslin added.

One of Polaroid's first steps was to offer two free film packs to consumers who buy the Sun 600 LMS or Sun 660 cameras by April 18. In addition, customers who buy new Polaroid instant cameras and trade in a model of any brand will receive a $10 discount on future film purchases.

That promotion comes at a time when Kodak has tried to satisfy the owners of 16 million Kodak instant cameras, suddenly rendered obsolete, by offering to replace them with a disc camera and film, a $50 coupon book for Kodak products, or one share of Kodak common stock.

Besides promotional concerns, some retailers felt Polaroid might use this opportunity to raise prices on instant cameras and film. Gray Drug Fair merchandise manager-sundry Allan Cohen noted as an example a $5 cost increase, from $18.75 to $23.75, on a low-end Polaroid One Step that became effective in mid-January.

"The rise was announced just before the decision, but they sensed what the decision would be. They had nothing to lose. They could always roll it back if they lost," Cohen said.

Kerr Drug vp-marketing William Baxley also wasn't sure how Polaroid would react to the open field. "We're hopeful Polaroid will be reasonable," he said. He considered Polaroid a good marketer and devoted his promotional attention to that brand. As a result, he said, Polaroid volume at his 60-store chain was up in 1985, while Kodak sales were "very slow."

That emphasis on promotion contributes to widespread low overall margins on instant cameras and film, about 15%, according to buyers, who consider it a traffic item.

Drug King vp-marketing Robert Barry summed up why he's not enthusiastic about instant photo: "We can't make money on the cameras because the Targets, Gemcos and Fedcos sell them below cost. We sold at $29.99 on a $30 cost; they'd sell it at $24.99. Our customers got

Continued on page 48

What cameras people plan to buy

	% of households
35mm all types	39.8%
Video cameras	26.0
Disc	11.3
Instant	9.3
110	2.6
Movie camera	1.8
126	0.8
Other	8.4

Source: Photo Marketing Association International

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Where consumers bought their newest instant print camera

Type of store	% of households 1985	1983
Discount store	48.2	34.5
Drug store	12.9	9.6
Department store	9.4	20.5
Catalog showroom	5.9	6.7
Used	4.7	2.5
Mail order	3.5	4.6
Camera store	2.4	9.0
Supermarket	2.4	0.5
Other	10.7	12.1

Source: Photo Marketing Association International
These figures don't include consumers who received instant print cameras as gifts.

Chains assess Polaroid's victory

Continued from page 47

mad at us. We don't need that.

"We're happy to take the film business, as long as retails stay at about $10. There's a limit to what people will pay," Barry said.

Drug King sells instant cameras only in its four stores in resort towns, but carries film chainwide. Barry limits his exposure partly because of discounter competition, and partly because "Polaroid and Kodak made everything obsolete so fast. They'd jam you with merchandise and bring out something new a few months later," he said.

Regardless, consumer activity has shifted more toward automatic 35mm cameras in the $100-$120 retail range, and away from camera formats that produce lesser quality prints, buyers said.

That's apparently Kodak's target, with its new K12 and K10 VR35 cameras, marking Kodak's return to 35mm cameras after a 16-year absence.

Gray's Cohen called them "me-too products." Another source said "they've taken the best features available, priced them in the going range, and said, 'we're Kodak, buy us'."

Cohen said he'd be more receptive if Kodak broke today's market prices by $20. Yet Fay's Herrmann still saw some value to the Kodak 35mm entries: "Only a handful of drug chains have knowledgeable help to talk 35mm with shoppers. We all want a camera advertised to the masses, one that's presold. Kodak appears to have the wherewithal."

Kodak director of marketing planning Frank Carbee felt consumers would link the Kodak name with "an ease-of-use feeling" that would distinguish it from other 35mm brands. He also said Kodak reps would train clerks at store level, making several rounds in 1986.

Instant print camera ownership declines (% of households)

	1985	1983	1981
Owning Households	36.3	46.3	47.6

Source: Photo Marketing Association International

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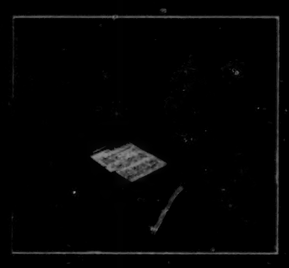

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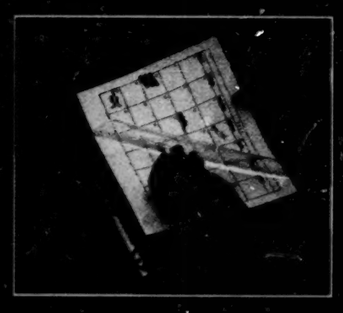

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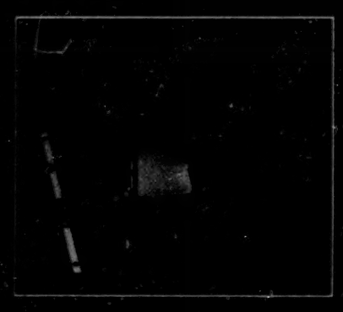

See K&M's complete game plan at the National Back-To-School Show — New York Booths 1202 to 1306 A

BACK TO SCHOOL

km

New bills

Continued from page 21

tween a product that comes from a program and a program that comes from a product?" asked Doug Thompson, president of the Toy Manufacturers of America.

John Summers, executive vp of the National Association of Broadcasters, said his organization is opposed to any government involvement in programming.

"Let the marketplace work its view. If you get too commercial, the thing corrects itself."

Both bills ask the Federal Communications Commission to conduct inquiries into these shows.

Licensing Show slated for June

NEW YORK — Licensing '86, the International Licensing and Merchandising Conference and Exposition, will be held on June 10-12 at the Jacob K. Javits Convention Center here.

Because of high demand for booths, exhibit space is restricted to members of the Licensing Industry Merchandisers' Association. To join, contact Ginny Rae, 203-259-5734.

INSIDE PHARMACY

Pharmacist Irwin Gittleman, owner of Duplex Drug Store in New York City, has been grinding Loniten tablets into an antibaldness treatment for years.

Despite the FDA's warnings, sales of minoxidil are booming

By Marjorie Shaffer

KALAMAZOO, Mich. — The FDA has stepped up its warning to pharmacists to stop reformulating minoxidil tablets for use as a baldness remedy in the wake of reports that fatalities have occurred in patients who once used the topical solution.

The FDA and Upjohn, minoxidil's maker, conclude that no cause and effect relationship has been established between the drug and seven of the deaths. However, the other two deaths have not yet been fully investigated, according to FDA spokesman Bruce Brown.

Officially, this oral drug is not supposed to be used for anything but the treatment of hypertension. Upjohn applied to the FDA for approval to market Regaine (its name for the antibaldness lotion) last December, and approval is expected within two years.

But the possibility that the topical concoction can do what no other has done before—put hair on the head where there once was none—is fueling some hair-raising expectations among the sparse of pate.

And despite warnings against its unapproved use, Upjohn's minoxidil is creating a booming underground market for the antibaldness elixir.

In clinical studies, Upjohn has now treated over 4,500 balding volunteers with the lotion, but many more have been treated without official sanction. That's because physicians can prescribe an approved drug for any unapproved indication once it is available.

"We are selling something that is in tremendous demand at a reasonable price, and it is not illegal," says Irwin Gittleman, pharmacist and owner of Duplex Drug Store in New York City, who has dispensed the lotion to several hundred patients and to many physicians as well for their personal use.

Continued on page 63

HMO deal alarms Cleveland Rx'ers

Small drug chains stand to lose thousands of dollars in business

By Harold Cohen

CLEVELAND — Druggists in the Greater Cleveland Area are enraged over a contract that names Revco as the preferred provider of prescription services for HealthAmerica Corporation of Ohio, a 90,000-member HMO.

According to the contract, which became effective Feb. 1, the majority of HealthAmerica's membership in the Greater Cleveland Area will have to go to a Revco store to get prescriptions filled to avoid full out-of-pocket payment for the drugs.

The members will only be required to pay a small copayment of between $1 and $3, depending on their company's agreement with the HMO. Revco will bill HealthAmerica directly for the balance. If the prescription is filled at a non-provider location, the full price must be paid with reimbursement to the customer coming directly from HealthAmerica.

The agreement came as a complete surprise to the entire Cleveland pharmaceutical community. According to Saul Eisen, executive secretary of the Greater Cleveland Academy of Pharmacy, the deal was closed before any other drug store had the opportunity to bid.

"Nobody knew about it until after the deal was signed," said Eisen. "This could well be the last death throes for many

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Survey says pharmacists agree with PhIP proposal

WASHINGTON — Proposals by Federal Medicaid officials to establish a revolutionary new "Pharmacists' Incentives Program" (PhIP) revising Rx reimbursement practices drew broad support from hundreds of pharmacists responding to an American Pharmaceutical Association survey.

The PhIP plan, which would encourage (if not require) pharmacists to substitute cheaper generic drug products for brand name versions, would be fairer to pharmacists than the current Maximum Allowable Cost/Estimated Acquisition Cost (MAC/EAC) reimbursement scheme, the APhA members said.

But at the same time, pharmacists responding to the association's poll expressed continued concern about dispensing fees (which are not addressed by the PhIP plan), and warned that the proposed

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Minoxidil may put hair on head, subpoena in hand

Cohen's Capsules

Harold Cohen, R.Ph.

Pharmaceutical Editor

Can somebody please explain to me why anybody would use a drug for an unapproved indication? It's a well-known fact that the practice has been going on for years.

I'm not talking about illicit drugs; I'm referring to those drugs that have been approved by the FDA for specific indications.

Probably one of the hottest issues today is the use of Upjohn's minoxidil for growing hair (see story on this page). Although Upjohn, and now the FDA, have issued "warnings" that the drug should not be reformulated for use as a hair grower, thousands of pharmacists across the country are doing just that.

The problem with minoxidil, as well as any product being prescribed by physicians for unapproved uses, is an unclear understanding of what the pharmacists' role should be. On one hand, the pharmacist is faced with filling a *legitimate* prescription, but on the other hand, it's known that it is being used for "unauthorized" purposes. What should you do? Unfortunately, the solution is not clear-cut.

You probably remember that several years ago, prescriptions for cyproheptadine (Periactin, MSD) began showing up in pharmacies at abnormally high rates. Originally developed as an antipruritic, doctors (reseachers?) discovered it increased a patient's appetite. Before long, pharmacies around the country were inundated with prescriptions from pediatricians prescribing the drug for children who wouldn't eat. Did pharmacists question the fact that adverse reactions to the drug could cause skin rashes, hives, headaches, difficult urination or a host of behavioral disturbances? Of course, some did, but most, I'm afraid, did not.

Pharmacists are again faced with the same dilemma. But this time there is an outside chance that minoxidil may have serious drawbacks as exhibited during its clinical trials. I wonder now how many pharmacists are going to heed the FDA's notification of nine deaths during the studies, or how many will say since there's no cause and effect proven, why not cash in on the hot minoxidil market?

As far as I'm concerned, all the cash register sales in the world cannot make up for the possibility of inflicting harm on what amounts to an unsuspecting customer who is interested in nothing else but having a full head of hair, unaware of any potential side effects. And who needs that kind of liability problem? On the other hand, retailers are still out to put bread on their families' tables.

At the very *least*, our obligation to our customers is a warning that there *may* be a problem with the drug. If the customer still insists on using the prescription, I strongly urge a release be signed that you notified the patient of its unapproved usage.

While minoxidil may put hair on your customers' heads, it could very well put a lawsuit in your mailbox.

Survey instrument prescriptions and differences between HCFA's generic floor and pharmacies' mean lowest actual net cost (ANC)[a]

Presc. Number	Prescription	Difference between HCFA's generic floor and pharmacies' mean lowest ANC	Difference as a % of pharmacies' mean lowest ANC
Rx 1	Allopurinol, 100mg (Zxloprim) #60	$1.08	30.3%
Rx 2	Aspirin, butalbital and caffeine (Fiorinal) #50	0.43	24.6
Rx 3	Chlordiazepoxide, 10mg (Librium) #60	1.21	108.0
Rx 4	Hydrochlorothiazide and spironolactone, (Aldactazide) #30	1.24	91.0
Rx 5	Hydroxyzine, 25mg (Atarax) #90	3.49	59.2
Rx 6	Meclizine, 25mg (Antivert) #60	0.79	58.1
Rx 7	Metronidazole, 250mg (Flagyl) #30	6.54	139.4
Rx 8	Primidone, 250mg (Mysoline) #60	0.34	10.2
Rx 9	Quinidine sulfate, 300mg #60	0.71	12.7
Rx 10	Triamcinalone cream, 0.1% (Kenalog) 15gm	0.62	48.4
Mean Difference		$1.65	58.2%
Weighted Mean Difference[b]		$1.19	32.1%

a—Differences were calculated by: [HCFA's generic floor]—[pharmacies' mean lowest ANC].
b—The weighted mean difference is a weighted average based on the 10 prescriptions priced at each pharmacy. Weights are based on each drug's share of the total prescription drug market. *Source: APhA research*

Rx'ers like PhIP plan

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reimbursement changes would be more equitable "only if state Medicaid agencies administered the program as proposed," APhA said.

Results of the association's survey—the first nationwide sampling of pharmacist response to the innovative generic incentive plan—were released on the eve of a scheduled meeting between officials from the Health Care Financing Administration (HCFA) and drug store industry groups to discuss alternative reimbursement approaches for the Medicaid drug program.

Under PhIP, the existing MAC/EAC cost control system would be scrapped, and pharmacies would be encouraged to substitute their least-costly generic equivalent for 59 multisource drugs with at least three FDA-determined therapeutically equivalent generic substitutes. For those 59 drugs, HCFA calculated 120 "generic floors" at 150% of the average wholesale price (AWP) of the cheapest generic equivalent.

In general, the 200 pharmacists (four in each of the 50 states surveyed by APhA) felt the strength of the proposed PhIP was its potential to provide more return on product cost than MAC/EAC. They also gave good marks to PhIP for putting the cost containment emphasis on drug manufacturers rather than on pharmacists.

Among the negative reactions found by the survey was the respondents' perception that the plan addresses only product cost and not dispensing fees.

Additionally, "the program fails to include a mechanism for timely updates of the generic floors, to take account of manufacturers' price increases," some of the pharmacists responded.

According to APhA, the survey responses clearly indicated that pharmacists would not favor PhIP unless it was tied to an "adequate dispensing fee" including a definition by the HCFA of the term "reasonable" in relation to dispensing fees.

APhA also sought to assess the financial impact of PhIP via the survey by questioning pharmacists about costs, prices and reimbursement rates on 10 of the 59 multisource drugs identified by the HCFA. The 200 pharmacies were asked to provide actual net cost of the drug, average wholesale price, present Medicaid reimbursement rate and the product dispensed.

The data collected by APhA indicates that the pharmacies cannot purchase generics at rates which are as low as the least costly generic alternatives, but would be able to purchase one or more generics at rates below the HCFA-set "generic floors."

Stressing the surveyed pharmacists' belief that the plan failed to "adequately address all aspects of Medicaid reimbursement for covered items," APhA concluded that "future third party reimbursement methods devised by the HCFA should focus on total prescription price for all covered medications and not the rate of reimbursement for individual components which comprise the total prescription price of a few select drugs."

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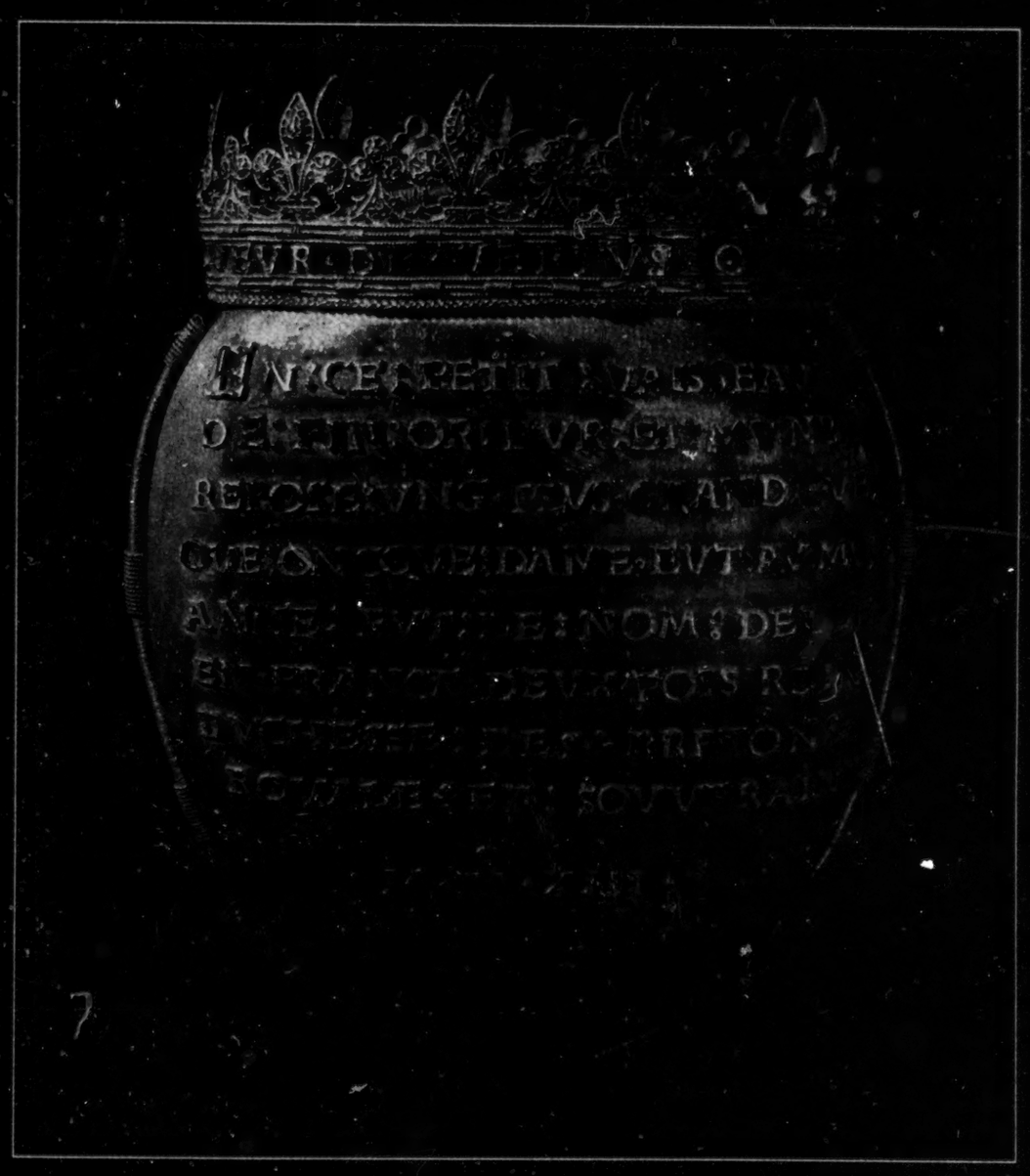
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